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## **Sen. Garcia encourages Governor to sign payday lending bill**

**Lansing** – Sen. Valde Garcia (R-Howell) is encouraging Gov. Granholm to sign legislation passed Thursday that would regulate Michigan's payday lending industry.

"I am very disappointed that Governor Granholm intends to veto this legislation," Garcia said. "This is a responsible bill that puts much-needed regulations in place without jeopardizing the availability of a service that is important many Michigan residents."

Positive changes the bill would enact include:

- Establishing the maximum interest rate payday lenders can charge their customers at 13.25 percent of the loan's face value, well below the national average;
- Requiring payday lenders to be licensed by the Office of Financial and Insurance Services;
- Preventing individuals who need to use this service from getting caught in the endless cycle of borrowing to pay off a previous payday advance by placing limits on the size and duration of the loans and prohibiting rollovers;
- Requiring providers to post notices explaining the service;
- Establishing an outlet for customer complaints;
- Giving OFIS the authority to punish providers for not protecting consumers; and
- Allowing a borrower until the close of the next business day to cancel the loan without penalty.

"The fact is that many consumers use payday loans to cover emergency expenses or to get through tough times when funds are tight," Garcia said. "It would be irresponsible to place restrictions on the payday lending industry that are so burdensome as to drive them out of business. More importantly, it would be a travesty to leave Michigan consumers unprotected from this currently unregulated industry."

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Editors note: Sen. Garcia will be available today for interviews. Please contact his office at 517-373-2420 to make arrangements.